10596

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# AGRICULTURAL COMMODITIES

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Agreement Between the
UNITED STATES OF AMERICA
and SRI LANKA

Signed at Colombo October 29, 1982

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NOTE BY THE DEPARTMENT OF STATE

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# SRI LANKA

## Agricultural Commodities

*Agreement signed at Colombo October 29, 1982;*
*Entered into force October 29, 1982.*

AGREEMENT BETWEEN
THE GOVERNMENT OF THE UNITED STATES OF AMERICA
AND THE
GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA
FOR THE SALE OF AGRICULTURAL COMMODITIES UNDER THE
PUBLIC LAW 480, TITLE I[1] PROGRAM

The Government of the United States of America and the Government of the Democratic Socialist Republic of Sri Lanka agree to the sale of agricultural commodities specified below. The Agreement shall consist of the Preamble and Parts I and III of the Agreement signed March 25, 1975,[2] together with the following Part II:

PART II. PARTICULAR PROVISIONS

Item I. Commodity Table:

| Commodity | Supply Period (U.S. Fiscal Year) | Approximate Quantity (Metric Tons) | Maximum Export Market Value (Dollars Million) |
|---|---|---|---|
| Wheat | 1983 | 88,000 | 15.0 |

Item II. Payment Terms (Convertible Local Currency Credit):

(A) Initial Payment - Five (5) percent;

(B) Currency Use Payment - None;

(C) Number of Installment Payments - Thirty-one (31);

(D) Amount of Each Installment Payment - Approximately equal annual amounts;

(E) Due Date of First Installment Payment - Ten (10) years after date of last delivery of commodities in each calendar year;

(F) Initial Interest Rate - Two (2) percent;

(G) Continuing Interest Rate - Three (3) percent.

Item III. Usual Marketing Table:

| Commodity | Import Period (U.S. Fiscal Year) | Usual Marketing Requirement (Metric Tons) |
|---|---|---|
| Wheat/Wheat Flour (Grain Equivalent Basis) | 1983 | 300,000 |

[1] 68 Stat. 455; 7 U.S.C. § 1701 *et seq.*
[2] TIAS 8107; 26 UST 1244.

Item IV. Export Limitations:

A. Export Limitation Period:

The export limitation period shall be United States fiscal year 1983, or any subsequent United States fiscal year during which commodities financed under this Agreement are being imported or utilized.

B. Commodities to which Export Limitations Apply:

For the purposes of Part I, Article III (A) (4) of this Agreement, the commodities which may not be exported are: wheat, wheat flour, rolled wheat, semolina, farina and bulgur (or the same products under a different name).

Item V. Self Help Measures:

A. The Government of Sri Lanka will undertake self-help measures to improve the production, storage, and distribution of agricultural commodities. The following self-help measures are to be implmented to contribute directly to development progress in poor rural areas and enable the poor to participate actively in increasing agricultural production through small farm agriculture.

B. The Government of Sri Lanka will undertake the following activities and in doing so to provide adequate financial, technical, and managerial resources for the implementation.

(1) Food and Agricultural Policy

Continue to give high priority to the development of an integrated national agriculture/food/nutrition strategy (to include production, storage, procurement, and distribution)

and estimates of the long term (5 - 10 year) domestic and external resources required for implementation of the strategy. The strategy should include food production, marketing and distribution policies directed toward alleviating malnutrition among lower income groups. Development of the strategy should include a study of key policies affecting prices of agricultural inputs and outputs; a listing of these key policies; and an analysis of their relationship and interactions, including those which adversely affect production, and recommendations as to whether such policies should be changed, and, if so, how. During, and as part of, the development of the strategy, the Government of Sri Lanka will continue to:

(a) Improve data collection with respect to estimates of agricultural production and statistical analysis of agricultural production and consumption to support the strategy.

(b) Update the study of agricultural policies and marketing systems in the dryland areas, including development of recommendations which could promote increased agricultural production.

(c) Provide increased training for management and technical staff in the appropriate government agencies in the analytical procedures and organizational mechanisms needed to develop, implement and update the integrated national agriculture/food/nutritional strategy.

Benchmark:

The Government of Sri Lanka will undertake efforts for the development of the agriculture/food/nutrition strategy and will prepare investment proposals which are expected to be



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reflected in future years' public investment programs. Upon completion, a copy of the strategy and investment proposals will be provided to the U.S. Government and other concerned donor representatives.

By November 15, 1983, the Government of Sri Lanka agrees to provide a written report covering the calendar year 1983, which summarizes efforts undertaken to carry out the measures noted in Item V.B.1.(a) - (c) above.

(2) Agricultural Development and Research

Continue to carry out or cause to be carried out the following which may be financed using the sales proceeds under this or previous agreements:

(a) Cropping and farming systems research in and further development of the dryland areas to promote sustained, increased productivity.

(b) Research and related activities to improve food grain, legume and root and tuber crops production and marketing.

Benchmark:

The Government of Sri Lanka agrees to provide the U.S. Government by November 15, 1983, with a report covering the progress of the efforts noted in Item V.B.2.(a) and (b) above. In addition, summaries of relevant studies with regard to these efforts, when completed, will be provided to the U.S. Government.

(3) Resource Management

Use of the proceeds of this agreement or any previous agreement to support capital expenditures during 1983 in the

following areas:

(a) Irrigation and water management (including drainage and reclamation);

(b) Agricultural production, extension and research;

(c) Integrated rural development;

(d) Improvements to and expansion of fertilizer and grain storage; and

(e) Reforestation and land and water conservation.

C. By November 15, 1983, the Government of Sri Lanka agrees to provide a written report which will include, but not be limited to:

(1) Progress on the implementation of the self-help measures set out in Item V.B. above;

(2) A comparison of benchmarks and achievements to determine progress in meeting the self-help measures set out in Item V.B. above;

(3) A review of the levels of funding being released to carry out the self-help measures.

Item VI. Economic Development Purposes for which Proceeds Accruing to Importing Country are to be Used:

A. The proceeds accruing to the Government of Sri Lanka from the sale of commodities financed under this Agreement will be used for financing the self-help measures set forth in the Agreement, and for development in the agriculture, nutrition, and rural development sectors, in a manner designed to increase the access of the poor in the recipient country to an adequate, nutritious and stable food supply.

B. In the use of proceeds for these purposes, emphasis will be placed on directly improving the lives of the poorest of the Sri Lankan people, and their capacity to participate in the development of their country.

IN WITNESS WHEREOF, the respective representatives duly authorized for the purpose, have signed the present Agreement. Done at Colombo, in duplicate, the 29th day of October, 1982.

FOR THE GOVERNMENT OF THE DEMOCRATIC SOCIALIST REPUBLIC OF SRI LANKA

Dr. W. M. Tilakaratna
Secretary
Ministry of Finance and Planning

FOR THE GOVERNMENT OF THE UNITED STATES OF AMERICA:

John H. Reed
Ambassador



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